

COLLEGE COMMUNITY SCHOOL DISTRICT

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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**COLLEGE COMMUNITY SCHOOL DISTRICT
OFFICIALS
JUNE 30, 2017**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Education</u>		
Randy Bauer	President	2019
Greg Kelsey	Board Member	2019
Jed Peterson	Board Member	2017
Todd Hahlen	Board Member	2017
Angela Ehle	Board Member	2019
Dot Pospischil	Board Member	2019
Jim Hodina	Board Member	2017
<u>School Officials</u>		
John Speer	Superintendent	June 30, 2020
James A. Rotter, Jr.	District Secretary - Treasurer and Director of Business Services	Indefinite



INDEPENDENT AUDITORS' REPORT

Board of Education
College Community School District
Cedar Rapids, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District (the District), Cedar Rapids, Iowa, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the College Community School District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and the schedule of funding progress for the retiree health plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College Community School District's basic financial statements. The supplementary information included, as required by the state of Iowa, including the Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the College Community School District's financial statements for the nine years ended June 30, 2016, which are not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College Community School District's basic financial statements as a whole. The supplementary information included in Schedule 8 for the nine years ending June 30, 2016, is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements for those nine years ending June 30, 2016. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nine years ending June 30, 2016 presented in schedule 8 is fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2017 on our consideration of College Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of College Community School District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College Community School District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 13, 2017

Management Discussion and Analysis

This section of the College Community School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2017. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Efforts have been made to provide comparison to prior year data when such data is available. Comparison to prior year data will be provided for all key financial information.

Financial Highlights

- The State of Iowa allowed a 2.25% growth (State Supplemental Aid) for the 2016-17 school year. This followed the 1.25% State Supplemental Aid growth in 2015-16. This, with the addition of 146.5 resident students, formulated an increase in revenue of \$1,661,712 to the General Fund regular formula. These increased dollars were made up of a combination of State aid and local taxes. This increase represents a continued modest increase in funding representative of recent funding growth from the State with the exception of the 2014-15 year which allowed a 4% growth.
- The District spent a little over \$2.88 million on construction & remodeling projects during the year, primarily consisting of resurfacing a portion of our campus road, creating new tennis courts, & high school remodel/additions. This is more than previous year's expenditures of \$1.72 million and will continue to escalate with the high school remodel. The District purchased \$685,350 in computer hardware & related software during the year. These projects and hardware were funded with PPEL and statewide sales tax dollars. The District sold and refunded GO bonds during the year consisting of a \$10 million issue, \$20 million issue, and refunding of the 2007 issue in the amount of \$7.815 million. The new issues will be utilized for current work on the high school remodel. Total general obligation bond principal totaled \$80.68 million as of June 30, 2017.
- The General Fund balance (total equity) increased from \$914,781 on June 30, 2016 to \$2,203,000 on June 30, 2017. This equates to a 3.65% solvency ratio which is up from a 1.59% ratio one year ago. Solvency ratios between 5-15% are considered "good" or "excellent" according to the Iowa School Board Association. Although this increase is modest, it indicates to the Board and Administration that the District's initiatives to freeze hiring have been effective. This freeze will continue through the 2017-18 school year and beyond until an acceptable solvency ratio is achieved. The District's net cash position was \$648,314 in the General Fund on June 30th which represents an improvement from a year ago of (\$742,525).
- Interest rates remain at record lows with a public fund investment rate of 0.05% in July 2016 and remaining at 0.05% in June 2017. These rates yielded only \$47,896 in revenue across all funds. This substantial increase is due the addition of \$30 million in bond funds.
- The District's ability to levy cash has had a positive effect on the cash position of the District. The District levied cash reserve dollars in the 2015-16 school year in amount of \$3.96 million, \$3.77 million in 2016-17, and anticipates \$5.27 million in the current 2017-18 fiscal year. The District will continue to Levy Cash in subsequent years until satisfactory reserve levels (solvency) are achieved in the 5-15% range.

Overview of the Financial Statements

This annual report consists of three parts: required supplementary information, which includes Management's Discussion and Analysis (this section), budgetary comparison schedules and schedule

of funding progress for the retiree health plan, the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as food services.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

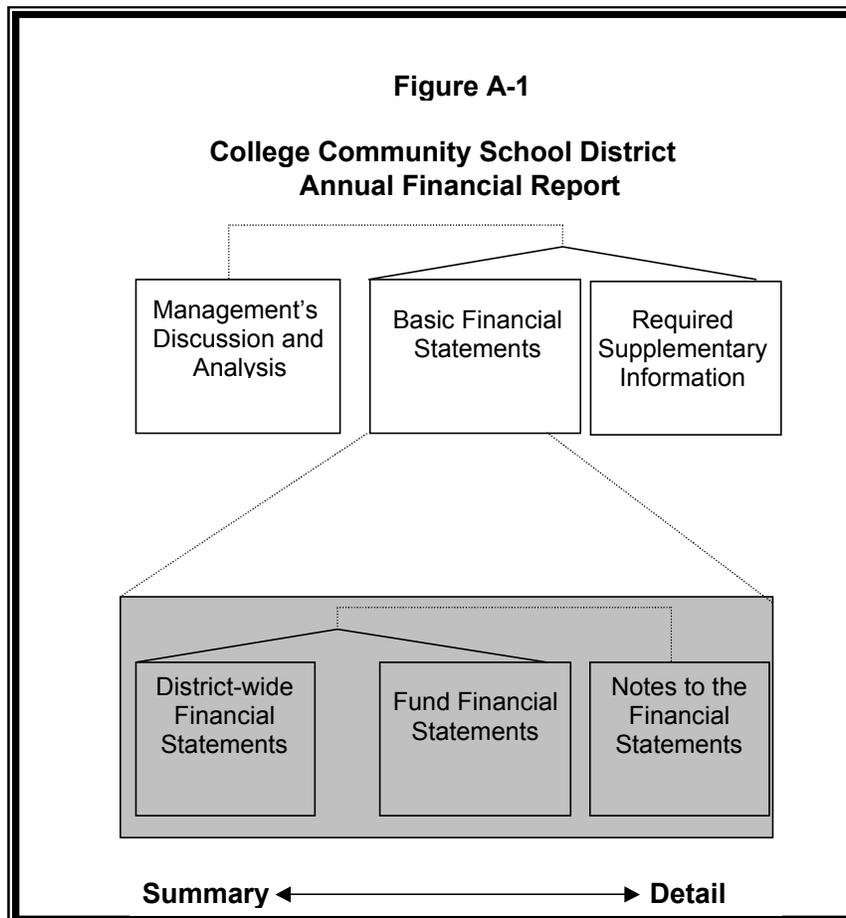


Figure A-2: Major Features of the District Wide and Fund Financial Statements				
	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services is included here	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and deferred outflows and liabilities and deferred inflows - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service program would be included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District utilizes a print shop fund for this purpose.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as a scholarship fund. The District accounts for outside donations to specific District schools for specific purposes in this fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net position: The District's net position is evidenced below in Figure A-3. Combined total net position has increased by 15.1%. This increase is due to increases in current assets. Liabilities increased as well with net position increasing by \$1.96 million. The District is required to report GASB No. 68 and GASB No. 71 liabilities which are within these numbers.

	CONDENSED STATEMENT OF NET ASSETS (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change
	2017	2016	2017	2016	2017	2016	2016-2017
Current and Other Assets	\$ 66,926	\$ 36,931	\$ 855	\$ 559	\$ 67,781	\$ 37,490	80.8%
Capital Assets	<u>93,775</u>	<u>92,314</u>	<u>607</u>	<u>689</u>	<u>94,382</u>	<u>93,003</u>	1.5%
Total Assets	<u>\$160,701</u>	<u>\$129,245</u>	<u>\$ 1,462</u>	<u>\$ 1,248</u>	<u>\$162,163</u>	<u>\$130,493</u>	24.3%
Deferred Outflows of Resources	\$ 11,076	\$ 6,702	\$ 572	\$ 353	\$ 11,648	\$ 7,055	65.1%
Long Term Obligations	\$123,586	\$ 91,348	\$ 1,747	\$ 1,444	\$125,333	\$ 92,792	35.1%
Other Liabilities	<u>2,519</u>	<u>1,180</u>	<u>212</u>	<u>192</u>	<u>2,731</u>	<u>1,372</u>	<u>99.1%</u>
Total Liabilities	<u>126,105</u>	<u>92,528</u>	<u>1,959</u>	<u>1,636</u>	<u>128,064</u>	<u>94,164</u>	36.0%
Deferred Inflows of Resources	<u>\$ 30,796</u>	<u>\$ 30,265</u>	<u>\$ 21</u>	<u>\$ 145</u>	<u>\$ 30,817</u>	<u>\$ 30,410</u>	1.3%
Net Assets:							
Investment in Capital Assets, Net of related Debt	\$ 37,884	\$ 34,496	\$ 607	\$ 688	\$ 38,491	\$ 35,184	9.4%
Restricted	4,163	4,782	-	-	4,163	4,782	-12.9%
Unrestricted	<u>(27,171)</u>	<u>(26,124)</u>	<u>(553)</u>	<u>(868)</u>	<u>(27,724)</u>	<u>(26,992)</u>	2.7%
Total Net Position	<u>\$ 14,876</u>	<u>\$ 13,154</u>	<u>\$ 54</u>	<u>\$ (180)</u>	<u>\$ 14,930</u>	<u>\$ 12,974</u>	15.1%

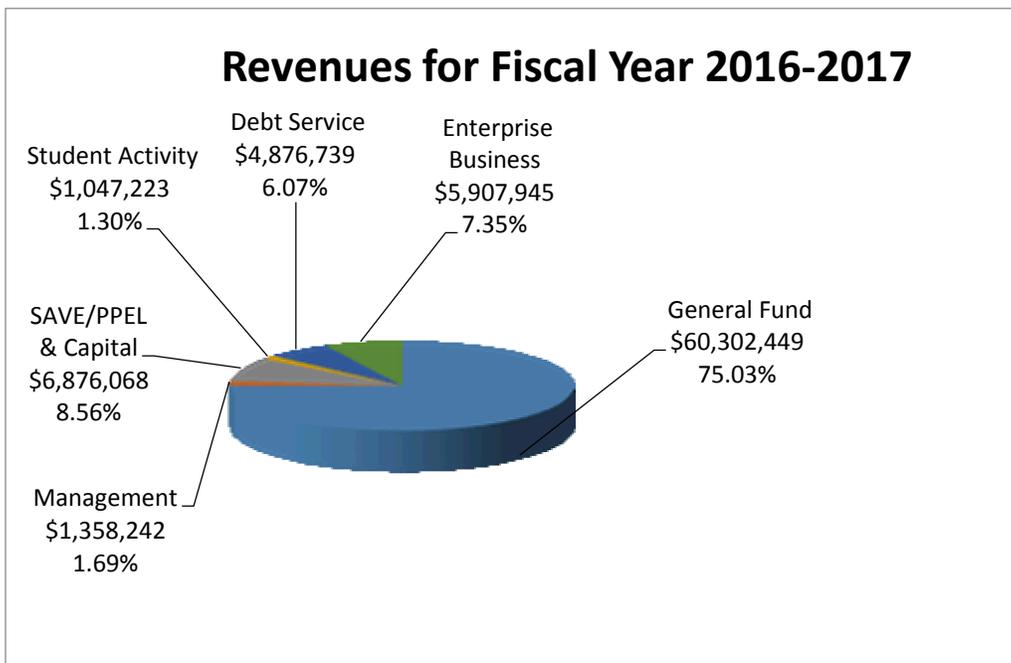
Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Figure A-4 below reflects totals from the 2016-17 fiscal year ended June 30, 2017.

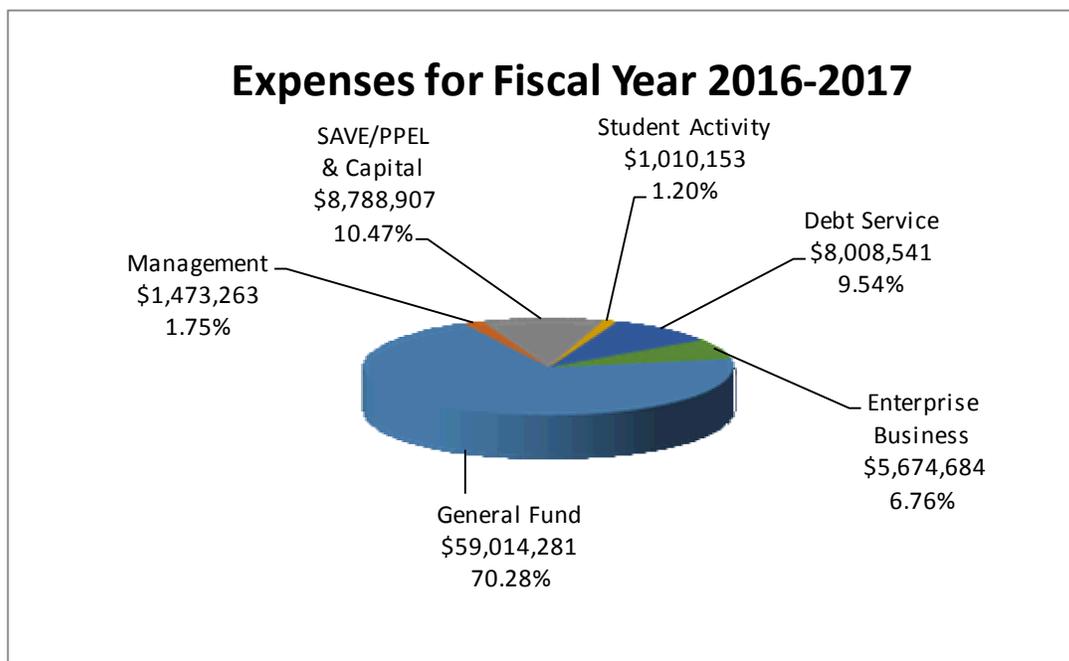
	CHANGES IN NET ASSETS (EXPRESSED IN THOUSANDS)					
	Governmental Activities		Business-Type Activities		Total School District	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program Revenues:						
Charges for Service and Sales	\$ 7,183	\$ 6,748	\$ 4,563	\$ 3,628	\$ 11,746	\$ 10,376
Operating Grants, Contributions, and Restricted Interest	8,645	8,259	1,344	1,218	9,989	9,477
Capital Grants, Contributions, and Restricted Interest	-	-	-	-	-	-
General Revenues:						
Property Tax	36,633	34,888	-	-	36,633	34,888
Proceeds from Insurance	-	129	-	-	-	129
Unrestricted State Grants	21,762	20,165	-	-	21,762	20,165
Unrestricted Investment Earnings	48	6	-	-	48	6
Other	190	224	-	1	190	225
Total Revenues	<u>74,461</u>	<u>70,419</u>	<u>5,907</u>	<u>4,847</u>	<u>80,368</u>	<u>75,266</u>
Program Expenses:						
Governmental Activities:						
Instruction	42,373	39,647	-	-	42,373	39,647
Support Services	21,476	21,903	60	241	21,536	22,144
Non-Instructional Programs	-	-	5,614	4,571	5,614	4,571
Other Expenses	8,889	7,417	-	-	8,889	7,417
Total Expenses	<u>72,738</u>	<u>68,967</u>	<u>5,674</u>	<u>4,812</u>	<u>78,412</u>	<u>73,779</u>
Capital Contribution	-	-	-	-	-	-
Changes in Net Position	<u>\$ 1,723</u>	<u>\$ 1,452</u>	<u>\$ 233</u>	<u>\$ 35</u>	<u>\$ 1,956</u>	<u>\$ 1,487</u>
Net Position Beginning of Year	<u>\$ 13,153</u>	<u>\$ 11,702</u>	<u>\$ 179</u>	<u>\$ (215)</u>	<u>\$ 12,974</u>	<u>\$ 11,487</u>
Net Position End of Year	<u>\$ 14,876</u>	<u>\$ 13,154</u>	<u>\$ 54</u>	<u>\$ 180</u>	<u>\$ 14,930</u>	<u>\$ 12,974</u>

District's total revenues increased \$5.1 million from the previous year, while total expenditures increased \$4.6 million. Total net position increased \$1.96 million. This increase is attributed to both the District's governmental and business activities. The District's governmental activity shows expected increased costs for staff positions and expected increased revenues. Property tax collections continue to climb as the District was able to levy cash reserve for a consecutive second fiscal year. Cash reserve levy is the District's only means of recovering previous year expenses beyond those revenues provided by the State formula. Student enrollment, net open enrollment, and state supplemental aid have a significant role on revenues generated by the District. During the past 5 years, open enrollment and tuition generated

revenue are as follows: fiscal year 2013 \$4.94 million, fiscal year 2014 \$4.82 million, fiscal year 2015 \$5.00 million, fiscal year 2016 \$4.85 million, fiscal year 2017 \$5.27 million. Business-type activities had an increase in revenue and expenditures. Resident enrollment, not including 4 year old preschool students, increased from 3,945 in September 2007 to 5,150 in October 2017. This calculates to an average of an additional 120 students per year.



The chart above illustrates total revenues for the 2016-17 school year. The General Fund accounts for the largest portion of revenues. The chart below illustrates total expenses which indicates the greatest portion of dollars were spent in the General Fund followed by Debt Service and Capital Projects.



Governmental Activities

Governmental activities are primarily supported through the State aid formula and local property taxes. The overall property tax base (taxable valuation) has increased from \$1,349,715,337 in 2006 to \$1,947,364,240 in 2016. This 44.31% increase over the ten year period averages to 4.43% per year. The increase from 2015 to 2016 was 2.49%.

The overall District tax rate was \$16.06 per thousand in the 2017 fiscal year, which was \$.22 (per thousand) more than the levy in the 2016 school year. This is the 2nd year the District has been able to levy additional cash reserve since the 2012-13 school year due to the State’s statutory restriction. The State Supplemental Aid increase was 2.25% which was a little better than the previous year’s 1.25%. The levy increased slightly due to the Districts commitment to replenish cash reserves. The ability to levy dollars locally has become increasingly important due to low supplemental aid increases and the District’s increased enrollment and special education deficit.

Figure A-5 presents the cost of four District activities: instruction, support services, non-instructional, and other expenses. The table shows each activity’s *net cost*, (total costs less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers and State formula by each of these functions.

Figure A-5	TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES (EXPRESSED IN THOUSANDS)	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 42,373	\$ 33,971
Support services	21,476	16,192
Non-Instructional	-	-
Other Expenses	<u>8,889</u>	<u>6,747</u>
Totals	<u>\$ 72,738</u>	<u>\$ 56,910</u>

- The cost of all governmental activities this year was \$72.74 million compared to \$68.97 million a year ago. This \$3.77 million increase marks the third year in a row of modest increases when compared to 2012-13 and 2013-14 when the District was actively adding staff.
- Some of the cost (non-resident tuition, fees, and rentals) was financed by the users of the District’s programs. This accounted for \$6.07 million in revenue to help offset the above costs.
- Most of the District’s Governmental Activities costs were financed by District and State taxpayers. This portion of governmental activities was financed with \$43.1 million in Local Sources (including property taxes and fees) and \$31.4 million in State and Federal aid.

Business-Type Activities

Program revenues of the District's business-type activities were \$5.91 million, while expenses were \$5.67 million (Refer to Figure A-4). Although these activities are not in place to make a profit, they are organized and structured to operate at a revenue/expenditure neutral position. The end of year net position was primarily due to the sale of both the 2015-16 and 2016-17 student built houses within the 2016-17 fiscal year.

Financial Analysis of the District's Funds

Business-Type Fund Highlights

- The Nutrition and Daycare Fund balances both remain substantially reduced due to the required GASB 68 (IPERS Liability) adjustment. These adjustments resulted in a Nutrition fund balance of \$88,949 and a Daycare fund balance of (\$213,745). Cash position of the Nutrition fund is \$215,963 and Daycare is \$386,365. The improvement in the Daycare fund continues for a second year due to maximizing enrollment and new fee structures. Nutrition operation remains steady with a slight increase at year end in fund balance and cash position.
- The Student Built House Fund balance was positively impacted as the 2015-16 & 2016-17 houses were sold within the fiscal year. Each year the timing of selling the house has an effect on the ending cash balance as the house usually goes on the market in late spring and sells in either June or July. The net result moved the fund balance from \$18,369 to \$25,109.

Governmental Fund Highlights

- The District's General Fund balance increased this year as the District was able to levy cash reserve for a second consecutive year. Previous reports have explained the State statutory restrictions on levying cash. The District was able to once again levy cash in 2016-17 to offset lane advancement costs and recover deficit spending in ELL and the Special Education program from the previous year in the amount of \$3.78 million in 2016-17 and \$5.27 million in 2017-18. This, in addition to ongoing funding for added Teacher Leadership positions has resulted in an increase in fund balance. At the time of this report, the District had also realized a 78 resident student gain which will provide ongoing funding in the General Fund of an additional \$520,458 annually. The General Fund overall balance increased from \$914,781 to \$2.2 million during the fiscal year. This increase was anticipated by the District as it realized a 2.25% increase in State Supplemental aid, savings from the District's early separation program, and the cash and authority from the addition of 146.5 resident students. It is anticipated the fund balance will grow slightly again during the 2017-18 fiscal year.
- The Management Fund balance remains strong and adequate with a closing balance of \$1.44 million. The District pays for its liability, property, fleet, workers compensation insurance, and early separation programs out of the Management Fund. The balance decreased from \$1.55 million at the conclusion of the previous year due to a 2nd year in a row of a large number of staff taking advantage of the early separation program. This news continues to be welcomed by the District as the average salary of the retirees was \$70,976 while the average salary of replacement staff was \$51,113. When considering benefits and potential years to normal retirement the District will save \$158,903 annually in its General Fund. The District currently has 28 certified employees eligible for early separation. There were 9 certified staff members who took advantage of the program in fiscal year 2017.

- The Capital Project fund(s) (SAVE) balance decreased from \$2.19 million to \$1.62 million. This decrease is due to the District's increased contribution toward the debt service fund from \$2.0 million to \$2.8M. This was done to offset the substantial increase due to the sale of bonds for the high school renovation project. The district plans to decrease this contribution each year through the 2020-21 school year resulting in \$0 contribution toward debt service beginning in fiscal 2022. The 2016-17 year saw substantial activity in a new project fund which is being utilized to receipt and expense the sale of bonds and expenses for the planned remodeling projects as the District voters approved a \$49.5 million bond referendum in the winter of 2016. Bonds of \$10 million and \$20 million were sold within the fiscal year for this purpose.
- The Physical Plant and Equipment Levy (PEEL) Fund balance decreased from \$985,038 to \$915,181. PEEL Fund dollars are utilized to purchase technology and complete general maintenance projects. Funds are also utilized to replace old busses and vans in the District fleet. With its current assessed valuation, the District is able to generate approximately \$1.98 million annually in this fund. This is achieved with the current voter approved \$.67 levy per \$1,000 valuation and Board approved \$.33 per \$1,000. This is less than the maximum allowed voter approved levy of \$1.34 per \$1,000.
- The Other Governmental Funds balance (the Activity Fund) increased slightly from \$596,629 to \$633,699 from the previous fiscal year. The primary activities in this fund include the athletic accounts and building level student activities other than athletics.

General Fund Budgetary Highlights

Of all Governmental Funds, the General Fund is by far the largest, comprising 69% of all Governmental Fund expenses in the fiscal year. All other Governmental funds combined account for a little less than half of the General Fund expenditures in a typical year. That remained true in the 2016-17 fiscal year.

The General Fund expenditures are updated monthly to monitor expenditures and reflect any changes in staffing and non-staffing costs. A comparison of General Fund budgeted to actual expenditures shows actual expenditures of \$59.01 million, which was less than the original budgeted line item amount of \$60.15 million approved in the certified budget in April 2016.

The General Funds "unassigned" fund balance at year-end was 2.51% of fund revenues, up from .86% from a year ago. This is a positive sign affirming District Administration and Board efforts to control costs and increase balances. The Board of Education has supported action to ensure that District General Fund cash reserves are adequate utilizing local property taxes as necessary to fund the growth of the District. Another important aspect of the General fund balance is the actual "spending authority" that accompanies the cash reserve. At the time of this report, it's estimated that the carry over authority is approximately \$6.38 million, slightly up from \$6.33 million a year ago. The current condition of not having the same amount of cash to back up authority has become a reality for the District that will be changed. The District's Board is committed to replenish the cash reserve through the cash reserve levy, which is now available to the District as explained earlier. Ensuring there is adequate cash to meet the District's authority to spend is a critical measure as the District continues to grow. In addition to levying cash reserve for the 2015-16, 2016-17, & 2017-18 years, the Board will be asked to continue its hiring freeze and request additional cash beyond the new student and special education deficit amount each year. This will accelerate the process of building reserves.

Capital Asset and Debt Administration

Capital Assets

By the end of 2017, the District had invested, net of depreciation, \$94.38 million in a broad range of assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices (See Figure A-6). This amount represents a net increase of 1.5% from a year ago.

Governmental Funds account for all of these assets with the exception of approximately \$607,000, which is accounted for in the School Nutrition, Daycare, and Student Built House Funds.

Figure A-6 will continually change as the depreciation of current assets will continue to reduce/offset totals.

	CAPITAL ASSETS, NET OF DEPRECIATION (EXPRESSED IN THOUSANDS)						
	Governmental Activities		Business-Type Activities		Total School District		Total Change
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2016-2017</u>
Land	\$ 3,973	\$ 3,973	\$ -	\$ -	\$ 3,973	\$ 3,973	0.0%
Construction in progress	3,660	135	-	-	3,660	135	2611.1%
Buildings	75,558	77,754	-	-	75,558	77,754	(-2.8%)
Improvements other than buildings	8,836	8,719	-	-	8,836	8,719	1.3%
Furniture and equipment	<u>1,747</u>	<u>1,734</u>	<u>607</u>	<u>689</u>	<u>2,354</u>	<u>2,423</u>	(-2.8%)
Totals	<u>\$ 93,774</u>	<u>\$ 92,315</u>	<u>\$ 607</u>	<u>\$ 689</u>	<u>\$ 94,381</u>	<u>\$ 93,004</u>	1.5%

Long-Term Debt

At year-end, the District had \$125.33 million in general obligation bonds, other long-term debt, OPEB, and pension obligations. This represents an increase of \$32.54 million over the previous fiscal year as can be seen in Figure A-7 below. Fiscal year 2017 marks the ninth year that the District is reporting the Other Post Employment Benefits (OPEB) per GASB-45 and the third year of reporting GASB-68 (IPERS Liability). The OPEB actuarial liability is \$7.3 million and the IPERS (Net Pension) liability is calculated at \$35.35 million. OPEB liabilities are a combination of early retirement incentives offered by the District and implicit benefits guaranteed public employees by State code which allows them to take advantage of group health insurance rates until the age of 65.

	OUTSTANDING LONG-TERM OBLIGATIONS (EXPRESSED IN THOUSANDS)		
	Total School District		Total Change
	<u>2017</u>	<u>2016</u>	
General obligation bonds	\$ 80,680	\$ 56,715	42.3%
Notes payable	-	-	0.0%
Bond Premiums Payable	1,304	1,103	18.2%
OPEB Liability	7,325	6,546	11.9%
Retainage Payable	120	-	100.0%
NET Pension Liability	35,349	27,683	27.7%
Compensated Absences	221	219	.091%
Early retirement	<u>334</u>	<u>527</u>	(-36.6%)
Totals	<u>\$125,333</u>	<u>\$ 92,793</u>	4.0%

Changes in the debt schedule traditionally have been due to the payment on general obligation bonds and the sale of new bonds. This changed significantly as the District is required to report actuarial OPEB and Net Pension amounts. These amounts represent possible future costs based upon individual employee choices about retirement and the State's ability, and will, to fund its IPERS obligations moving forward. The District did also incur new "actual" debt during the fiscal year as mentioned earlier with \$30 million in General Obligation bonds sold as approved by District voters in February, 2016.

Factors Bearing on the District's Future

- Financial solvency from both a cash and authority perspective are key to the Districts financial position as new buildings will be needed and staff costs with these buildings will be realized. Enrollment is up again with an increase of 78 resident students at the time of this report. Staff populations have remained steady.
- State funding growth for public schools for fiscal year 2017 was 2.25%. Funding for the 2018 fiscal year is 1.11%. The District considers these amounts to be inadequate moving forward. State Legislators have explained this new funding model as "targeted funding", which includes a number of categorical types of funds that can only be spent on specified projects. In some cases, these types of funds require additional staff to be hired but do not provide adequate funding to support current salary schedules for all remaining staff.
- School Infrastructure Local Option (SAVE) funds continue to be utilized to offset the District's tax levy with \$2.835 million pledged in 2016-17 to be utilized for District debt. Current funding levels provide approximately \$968 per resident student per year. With District enrollment increasing, the \$968+ per student receipts in 2017 resulted in revenue of \$4.75 million. Future revenues will be based on District student population and statewide sales tax figures. Estimates for 2017-18 fiscal year decrease the estimated amount per student generated to \$959 per student. The Board committed \$2.2M of these funds to be utilized for debt service payments in 2017-18. The District

plans to decrease this commitment over the next 4 fiscal years as valuations on property tax increase. Despite the fund balance struggles in the General fund, the District's ability to pay debt obligations remains strong and becomes stronger each year with valuation and sales increases.

District certified enrollment continues to trend upward with the addition of 78 students in 2017-18. Under Iowa's school funding formula, this can place upward pressure on the District tax levy. Historically, during the same time, property valuations have grown, which helps offset this pressure. The 2018 year valuation increase was 3.88%. Supplemental Aid from the State, and the current year's enrollment increase of 78 students, all play a role on the overall levy rate. The State continues its initiative to balance property tax rates through an increase in the roll back percentage on residential property, which also provides upward pressure on the local levy rate.

- For fiscal year 2017, the fiscal position of the District shows an increase in the fund balance reversing the deficit spending that had occurred in the 3 previous years due to the District's inability to levy back cash reserve dollars in the General fund. The \$3.77 million in Cash Reserve, ongoing teacher leadership funding of \$1.58 million and a modest 2.25% State Supplemental Aid increase resulted in an increase in the General fund cash and fund balance positions with no inter-fund loan payables necessary. The District did secure a short term note with its local bank for cash flow purposes in the months of September and October 2016 due to the District's cash position at the beginning of the 2016-17 fiscal year. This short term borrowing was not necessary in the summer of 2017 and is not anticipated in future fiscal years. Although the trend in balance is positive the District has implemented an extension of its hiring freeze into the 2017-18 fiscal year. Additionally, the District will need to continue to levy additional funds in cash reserve, beyond those necessary to cover special education deficits and enrollment growth, for the foreseeable future until solvency levels of 10%+ are achieved. As mentioned earlier in this report, the District levied \$5.27 million in cash reserve to offset deficit expenditures in special education, ELL programming, and for cash flow purposes in the 2017-18 budget.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability of the money it receives. If you have questions about this report or need additional financial information, contact James Rotter Jr., Executive Director of Business Services, College Community School District, 401 76th Avenue SW, Cedar Rapids, Iowa 52404.

BASIC FINANCIAL STATEMENTS

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Pooled Investments	\$ 33,762,766	\$ 1,047,919	\$ 34,810,685
Receivables:			
Property Tax:			
Delinquent	87,099	-	87,099
Succeeding Year	30,394,688	-	30,394,688
Accounts	9,123	5,803	14,926
Internal Balances	250,160	(250,160)	-
Due from Other Governments	2,358,653	22,942	2,381,595
Inventories	56,944	27,976	84,920
Prepaid Items	6,646	980	7,626
Nondepreciable Capital Assets	7,632,867	-	7,632,867
Depreciable Capital Assets, Net of Accumulated Depreciation	86,141,978	606,879	86,748,857
Total Assets	160,700,924	1,462,339	162,163,263
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	11,076,266	571,688	11,647,954
LIABILITIES			
Accounts Payable	1,650,039	55,122	1,705,161
Accrued Expenses	10,992	92,049	103,041
Salaries and Benefits Payable	210,076	63,041	273,117
Due to Other Governments	453,127	2,070	455,197
Accrued Interest Payable	195,108	-	195,108
Long-Term Liabilities:			
Portion Due Within One Year:			
Bonds Payable	4,840,000	-	4,840,000
Bond Premiums	155,049	-	155,049
Early Retirement	334,179	-	334,179
Compensated Absences	208,767	12,229	220,996
Portion Due After One Year:			
Bonds Payable	75,840,000	-	75,840,000
Bond Premiums	1,149,015	-	1,149,015
Retainage Payable	119,545	-	119,545
Net Pension Liability	33,614,212	1,734,954	35,349,166
Net OPEB Liability	7,325,189	-	7,325,189
Total Liabilities	126,105,298	1,959,465	128,064,763

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2017**

EXHIBIT A

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Pension Related	\$ 401,172	\$ 20,706	\$ 421,878
Succeeding Year Property Taxes	30,394,688	-	30,394,688
Total Deferred Inflows of Resources	30,795,860	20,706	30,816,566
NET POSITION			
Net Investment in Capital Assets	37,883,563	606,879	38,490,442
Restricted for:			
Categorical Funding and Other Reserves	573,243	-	573,243
Debt Service	428,071	-	428,071
Physical Plant and Equipment Levy	915,181	-	915,181
Student Activity Purposes	633,699	-	633,699
Management Levy Purposes	1,437,787	-	1,437,787
Capital Projects	1,616,558	-	1,616,558
Unrestricted	(28,612,070)	(553,023)	(29,165,093)
Total Net Position	\$ 14,876,032	\$ 53,856	\$ 14,929,888

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 26,420,348	\$ 3,154,445	\$ 810,935	\$ -
Special Instruction	9,077,902	2,357,218	-	-
Other Instruction	6,875,016	1,490,499	588,597	-
	<u>42,373,266</u>	<u>7,002,162</u>	<u>1,399,532</u>	<u>-</u>
Support Services:				
Student	1,832,587	-	434,126	-
Instructional Staff	5,512,749	-	4,624,523	-
Administration	5,291,589	-	-	-
Operation and Maintenance of Plant	5,437,375	85,822	-	-
Transportation	3,401,475	94,749	44,572	-
	<u>21,475,775</u>	<u>180,571</u>	<u>5,103,221</u>	<u>-</u>
Non-Instructional Programs	-	-	-	-
Other Expenses:				
Facilities Acquisition	1,561,524	-	-	-
Long-Term Debt Interest	2,237,930	-	-	-
AEA Flowthrough	2,142,467	-	2,142,467	-
Depreciation (Unallocated)	2,947,229	-	-	-
Total Other Expenses	<u>8,889,150</u>	<u>-</u>	<u>2,142,467</u>	<u>-</u>
Total Governmental Activities	72,738,191	7,182,733	8,645,220	-
Business-Type Activities:				
Support Services:				
Administrative Services	36,663	-	-	-
Operation and Maintenance of Plant	23,750	-	-	-
Non-Instructional Programs:				
Nutrition Services	2,895,346	1,643,656	1,261,327	-
Daycare Services	1,939,920	2,103,911	83,183	-
Concession Services	146,150	175,899	-	-
Student Built House	632,855	639,595	-	-
Total Business-Type Activities	<u>5,674,684</u>	<u>4,563,061</u>	<u>1,344,510</u>	<u>-</u>
Total	<u>\$ 78,412,875</u>	<u>\$ 11,745,794</u>	<u>\$ 9,989,730</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (22,454,968)	\$ -	\$ (22,454,968)
(6,720,684)	-	(6,720,684)
(4,795,920)	-	(4,795,920)
<u>(33,971,572)</u>	<u>-</u>	<u>(33,971,572)</u>
(1,398,461)	-	(1,398,461)
(888,226)	-	(888,226)
(5,291,589)	-	(5,291,589)
(5,351,553)	-	(5,351,553)
(3,262,154)	-	(3,262,154)
<u>(16,191,983)</u>	<u>-</u>	<u>(16,191,983)</u>
-	-	-
(1,561,524)	-	(1,561,524)
(2,237,930)	-	(2,237,930)
-	-	-
<u>(2,947,229)</u>	<u>-</u>	<u>(2,947,229)</u>
<u>(6,746,683)</u>	<u>-</u>	<u>(6,746,683)</u>
(56,910,238)	-	(56,910,238)
-	(36,663)	(36,663)
-	(23,750)	(23,750)
-	9,637	9,637
-	247,174	247,174
-	29,749	29,749
-	6,740	6,740
<u>-</u>	<u>232,887</u>	<u>232,887</u>
<u>\$ (56,910,238)</u>	<u>\$ 232,887</u>	<u>\$ (56,677,351)</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES (CONTINUED)
JUNE 30, 2017**

		Program Revenues	
GENERAL REVENUES	Expenses	Charges for Service	Operating Grants, Contributions, and Restricted Interest
			Capital Grants, Contributions, and Restricted Interest
Property Tax Levied for:			
General Purposes			
Debt Service			
Capital Outlay			
Unrestricted State Grants			
Unrestricted Investment Earnings			
Other			
Total General Revenues			
 CHANGE IN NET POSITION			
Net Position - Beginning of Year			
 NET POSITION - END OF YEAR			

See accompanying Notes to Financial Statements.

EXHIBIT B

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ 29,698,694	\$ -	\$ 29,698,694
4,871,735	-	4,871,735
2,062,420	-	2,062,420
21,762,173	-	21,762,173
47,522	374	47,896
190,274	-	190,274
<u>58,632,818</u>	<u>374</u>	<u>58,633,192</u>
1,722,580	233,261	1,955,841
<u>13,153,452</u>	<u>(179,405)</u>	<u>12,974,047</u>
<u>\$ 14,876,032</u>	<u>\$ 53,856</u>	<u>\$ 14,929,888</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General	Special Revenue- Management	Debt Service
ASSETS			
Cash and Pooled Investments	\$ 648,314	\$ 1,767,657	\$ 665,656
Receivables:			
Property Tax:			
Delinquent	64,767	3,440	13,309
Succeeding Year	23,074,366	1,113,412	4,323,968
Accounts	6,117	-	-
Due from Other Funds	250,160	-	-
Due from Other Governments	1,964,695	-	-
Inventories	2,052	-	-
Prepaid Items	3,197	-	-
	<u>\$ 26,013,668</u>	<u>\$ 2,884,509</u>	<u>\$ 5,002,933</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 62,545	\$ -	\$ 55,826
Accrued Expenses	10,992	-	-
Retainage Payable	-	-	-
Salaries and Benefits Payable	210,076	334,179	-
Due to Other Governments	452,689	131	-
Total Liabilities	<u>736,302</u>	<u>334,310</u>	<u>55,826</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year Property Tax	23,074,366	1,113,412	4,323,968
FUND BALANCES			
Nonspendable	5,249	-	-
Restricted for:			
Categorical Funding and Other Reserves	573,243	-	-
Debt Service	-	-	623,139
Management Levy Purposes	-	1,436,787	-
Student Activities	-	-	-
School Infrastructure	-	-	-
Physical Plant and Equipment	-	-	-
Assigned	111,784	-	-
Unassigned	1,512,724	-	-
Total Fund Balances	<u>2,203,000</u>	<u>1,436,787</u>	<u>623,139</u>
	<u>\$ 26,013,668</u>	<u>\$ 2,884,509</u>	<u>\$ 5,002,933</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,013,668</u>	<u>\$ 2,884,509</u>	<u>\$ 5,002,933</u>

See accompanying Notes to Financial Statements.

EXHIBIT C

<u>SAVE</u>	<u>High School/ Elementary Remodel</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,222,695	\$ 27,712,601	\$ 1,565,242	\$ 33,582,165
-	-	5,583	87,099
-	-	1,882,942	30,394,688
-	-	3,006	9,123
-	-	-	250,160
393,863	-	95	2,358,653
-	-	-	2,052
-	-	3,449	6,646
<u>\$ 1,616,558</u>	<u>\$ 27,712,601</u>	<u>\$ 3,460,317</u>	<u>\$ 66,690,586</u>
\$ -	\$ 1,500,184	\$ 28,188	\$ 1,646,743
-	-	-	10,992
-	119,545	-	119,545
-	-	-	544,255
-	-	307	453,127
-	1,619,729	28,495	2,774,662
-	-	1,882,942	30,394,688
-	-	3,449	8,698
-	-	-	573,243
-	-	-	623,139
-	-	-	1,436,787
-	-	630,250	630,250
1,616,558	26,092,872	-	27,709,430
-	-	915,181	915,181
-	-	-	111,784
-	-	-	1,512,724
<u>1,616,558</u>	<u>26,092,872</u>	<u>1,548,880</u>	<u>33,521,236</u>
<u>\$ 1,616,558</u>	<u>\$ 27,712,601</u>	<u>\$ 3,460,317</u>	<u>\$ 66,690,586</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

EXHIBIT D

Total Fund Balances of Governmental Funds (page 28) \$ 33,521,236

Amounts reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in the governmental funds. 93,748,726

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (195,108)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds as follows:

Deferred Outflows of Resources	11,076,266
Deferred Inflows of Resources	(401,172)

Long-term liabilities, including bonds payable, compensated absences, other postemployment benefits payable, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds as follows:

Long-Term Debt	(81,984,064)
Compensated Absences	(208,767)
Net Pension Liability	(33,614,212)
Other Postemployment Benefits	(7,325,189)

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other department or agencies of a government on a cost reimbursement basis. The change in net position of the Internal Service Fund is reported with governmental activities. 258,316

Net Position of Governmental Activities (page 23) \$ 14,876,032

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2017**

	General	Special Revenue- Management	Debt Service
REVENUES			
Local Sources:			
Local Tax	\$ 22,779,514	\$ 1,257,855	\$ 4,870,768
Tuition	5,367,190	-	-
Other	776,556	100,127	5,004
State Sources	29,912,015	260	967
Federal Sources	1,467,224	-	-
Total Revenues	60,302,499	1,358,242	4,876,739
EXPENDITURES			
Instruction:			
Regular Instruction	24,248,922	493,588	-
Special Instruction	8,839,585	39,644	-
Other Instruction	5,859,538	4,278	-
Total Instruction	38,948,045	537,510	-
Support Services:			
Student Services	1,832,587	-	-
Instructional Staff Services	4,310,969	-	-
Administrative Services	4,843,111	402,392	-
Operation and Maintenance of Plant Services	4,638,892	367,484	-
Transportation Services	2,298,209	165,877	-
Total Support Services	17,923,768	935,753	-
NonInstructional Programs	-	-	-
Other Expenditures:			
Facilities Acquisition	-	-	-
Long-Term Debt:			
Principal	-	-	5,995,000
Interest and Fiscal Charges	-	-	2,014,541
AEA Flowthrough	2,142,467	-	-
Total Other Expenditures	2,142,467	-	8,009,541
Total Expenditures	59,014,280	1,473,263	8,009,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,288,219	(115,021)	(3,132,802)
OTHER FINANCING SOURCES (USES)			
General Obligation Bonds Issued	-	-	7,815,000
Current Refunding of Bonds	-	-	(7,855,000)
Premiums on Bonds Issued	-	-	137,282
Transfers In	-	-	2,835,000
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	2,932,282
NET CHANGE IN FUND BALANCES	1,288,219	(115,021)	(200,520)
Fund Balances - Beginning of Year	914,781	1,551,808	823,659
FUND BALANCES - END OF YEAR	\$ 2,203,000	\$ 1,436,787	\$ 623,139

EXHIBIT E

SAVE	High School/ Elementary Remodel	Nonmajor	Total
\$ -	\$ -	\$ 2,062,015	\$ 30,970,152
-	-	-	5,367,190
4,748,926	35,116	1,076,829	6,742,558
-	-	405	29,913,647
-	-	-	1,467,224
<u>4,748,926</u>	<u>35,116</u>	<u>3,139,249</u>	<u>74,460,771</u>
-	-	-	24,742,510
-	-	-	8,879,229
-	-	991,917	6,855,733
-	-	<u>991,917</u>	<u>40,477,472</u>
-	-	-	1,832,587
569,553	-	631,193	5,511,715
-	-	-	5,245,503
-	-	380,690	5,387,066
-	-	<u>477,044</u>	<u>2,941,130</u>
<u>569,553</u>	-	<u>1,488,927</u>	<u>20,918,001</u>
-	-	-	-
1,925,364	3,826,677	691,192	6,443,233
-	-	-	5,995,000
-	305,430	-	2,319,971
-	-	-	2,142,467
<u>1,925,364</u>	<u>4,132,107</u>	<u>691,192</u>	<u>16,900,671</u>
<u>2,494,917</u>	<u>4,132,107</u>	<u>3,172,036</u>	<u>78,296,144</u>
2,254,009	(4,096,991)	(32,787)	(3,835,373)
-	30,000,000	-	37,815,000
-	-	-	(7,855,000)
-	189,863	-	327,145
-	-	-	2,835,000
<u>(2,835,000)</u>	-	-	<u>(2,835,000)</u>
<u>(2,835,000)</u>	<u>30,189,863</u>	-	<u>30,287,145</u>
(580,991)	26,092,872	(32,787)	26,451,772
<u>2,197,549</u>	-	<u>1,581,667</u>	<u>7,069,464</u>
<u>\$ 1,616,558</u>	<u>\$ 26,092,872</u>	<u>\$ 1,548,880</u>	<u>\$ 33,521,236</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

EXHIBIT F

Net Change in Fund Balances - Total Governmental Funds (page 28) \$ 26,451,772

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are reported in the Statement of Net Position and are allocated over their estimated useful lives as a depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital Outlays	\$ 4,881,709	
Depreciation Expense	<u>(3,405,128)</u>	1,476,581

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded repayments as follows:

Issued	(37,815,000)	
Repaid or Refunded	13,850,000	
Change in Bond Premium Payable	<u>(200,801)</u>	(24,165,801)

Interest on long term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(44,304)

Pension expenses on the governmental funds are measured by current year employee contributions. Pension expenditures on the statement of activities are measured by the change in net pension liability and the related deferred inflows and deferred outflows.

(1,229,197)

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as fund liabilities. Changes in liabilities, both current and long-term, are reported in the Statement of Net Position as follows:

Other Postemployment Benefits Payable		(780,265)
Compensated Absences		(3,029)

The Internal Service Funds are utilized to account for the financing of goods or services provided by one department or agency to other department or agencies of a government on a cost reimbursement basis. The change in net position of the Internal Service Fund is reported with governmental activities.

16,823

Change in Net Position of Governmental Activities (page 23)

\$ 1,722,580

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

EXHIBIT G

	Proprietary Funds	Governmental Activities - Internal Service Fund
ASSETS		
Cash and Cash Equivalents	\$ 1,047,919	\$ 180,601
Accounts Receivable	5,803	-
Inventories	27,976	54,892
Prepays	980	-
Due from Other Governments	22,942	-
Capital Assets, Net of Accumulated Depreciation	606,879	26,119
Total Assets	1,712,499	261,612
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	571,688	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	55,122	3,296
Accrued Expenses	92,049	-
Salaries and Benefits Payable	63,041	-
Compensated Absences	12,229	-
Due to Other Governments	2,070	-
Due to Other Funds	250,160	-
Long-Term Liabilities:		
Net Pension Liability	1,734,954	-
Total Liabilities	2,209,625	3,296
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	20,706	-
NET POSITION		
Net Investment in Capital Assets	606,879	26,119
Unrestricted	(553,023)	232,197
Total Net Position	\$ 53,856	\$ 258,316

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

EXHIBIT H

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Local Sources:		
Charges for Services	\$ 3,923,466	\$ 180,661
State Sources	83,183	-
Total Operating Revenues	4,006,649	180,661
OPERATING EXPENSES		
Support Services:		
Administrative Services	36,663	-
Operation and Maintenance of Plant Services	23,750	-
Total Support Services	60,413	-
Noninstructional Programs:		
Salaries	2,267,621	-
Benefits	690,237	-
Purchased Supplies	11,683	-
Supplies	2,551,414	142,210
Depreciation	93,316	21,628
Total Noninstructional Programs	5,614,271	163,838
Total Operating Expenses	5,674,684	163,838
OPERATING INCOME (LOSS)	(1,668,035)	16,823
NONOPERATING REVENUES (EXPENSES)		
State Sources	21,283	-
Federal Sources	1,240,044	-
Interest Income	374	-
Sale of Student Built House	639,595	-
Total Nonoperating Revenues	1,901,296	-
CHANGE IN NET POSITION	233,261	16,823
Net Position - Beginning of Year	(179,405)	241,493
NET POSITION - END OF YEAR	\$ 53,856	\$ 258,316

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

EXHIBIT I

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Sale of Lunches and Breakfasts	\$ 1,661,774	\$ -
Cash Received from Daycare Activities	2,188,349	-
Cash Received from Printing	-	181,227
Cash Received from Concession Sales	170,853	-
Cash Received from Student-Built Houses	23	-
Cash Payments to Employees for Services	(3,000,528)	-
Cash Payments to Suppliers for Goods or Services	(2,373,615)	(166,253)
Net Cash Provided (Used) by Operating Activities	(1,353,144)	14,974
CASH FLOWS FROM FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Grants Received	21,283	-
Federal Grants Received	1,240,044	-
Net Cash Provided by Noncapital Financing Activities	1,261,327	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Sale of Student Built House	639,595	-
Acquisition of Capital Assets	(11,278)	(6,200)
Net Cash Provided (Used) by Capital and Related Financing Activities	628,317	(6,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	374	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	536,874	8,774
Cash and Cash Equivalents - Beginning of Year	511,045	171,827
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,047,919	\$ 180,601

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

EXHIBIT I

	Nonmajor Proprietary Funds	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,668,035)	\$ 16,823
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	93,316	21,628
Decrease in Inventories	308,080	(24,251)
Increase in Accounts Receivable	14,350	566
Decrease in Prepaid Expenses	2,455	-
Decrease (Increase) in Deferred Outflows - Pension Related	(218,601)	-
Decrease in Accounts Payable	13,265	208
Increase in Salaries and Benefits Payable	(3,363)	-
Increase in Compensated Absences	(1,099)	-
Increase (Decrease) in Net Pension Liability	304,327	-
Increase (Decrease) in Deferred Inflows-Pension Related	(123,934)	-
Decrease in Due to Other Funds	(59,165)	-
Increase in Due from Other Funds	(22,942)	-
Increase in Accrued Expenses	8,202	-
Net Cash Provided (Used) by Operating Activities	\$ (1,353,144)	\$ 14,974

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

During the year ended June 30, 2017, the District received \$209,067 of federal commodities.

**COLLEGE COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

EXHIBIT J

Agency

ASSETS

Cash

\$ 273,364

LIABILITIES

Other Payables

\$ 273,364

See accompanying Notes to Financial Statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

College Community School District (the District) is a political subdivision of the state of Iowa and operates public schools for children in grades kindergarten through 12 and special education. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as career and technical and recreational courses. The geographic area served includes the southern portion of Cedar Rapids, Iowa and the rural areas of southern Linn, northern Johnson, and eastern Benton counties. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, College Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. College Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

District-wide financial statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Unrestricted Net Position – consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, including instructional, support and other costs are paid from the fund.

Special Revenue Management Fund – The Management Fund is used to account for the payment of District insurance costs and early separation benefits.

Debt Service Fund – The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

SAVE Capital Projects Fund – This Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

High School/Elementary Remodel – This Capital Projects Fund is to account for the resources used in the acquisition and construction of the remodel projects in the District.

The Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The District maintains its financial records on the modified accrual basis.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Pooled Investments – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and nonnegotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable – Property taxes in governmental fund types are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2015 assessed property valuations; is for the tax accrual period July 1, 2016 through June 30, 2017 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2016.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

Due from Other Governments – Due from other governments represents amounts due from the state of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

Capital Assets – Capital assets, which include property, furniture and equipment, and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business-type activities columns in the district-wide statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than Buildings	10,000
Intangibles	50,000
Furniture and Equipment:	
School Nutrition Fund Equipment	500
Other Furniture and Equipment	2,000

Property, furniture, and equipment are depreciated using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50
Improvements Other than Buildings	20 - 50
Intangibles	5 - 10
Furniture and Equipment	5 - 15

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the District after the measurement date but before the end of the District’s reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors – Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the district-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2017. The compensated absences liability attributable to the governmental activities will be paid primarily by the Management Fund.

Long-Term Liabilities – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Iowa Public Employees’ Retirement System (IPERS) and additions to/deductions from IPERS’ fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within 60 days after year-end.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the District intends to use for specific purposes. The Board of Education has delegated authority to assign fund balance to the Superintendent and Director of Business Services.

Unassigned – All amounts not included in other spendable classifications.

Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2017, no expenditures exceeded the amounts budgeted.

NOTE 2 CASH AND POOLED INVESTMENTS

The District's deposits in banks at June 30, 2017 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 CASH AND POOLED INVESTMENTS (CONTINUED)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the District has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

The District investments in the Iowa Schools Joint Investment Trust (ISJIT) Pool, which is an external investment pool not registered with the Securities and Exchange Commission. The District's investment in ISJIT totaled \$24,966,760 at June 30, 2017. ISJIT is an external investment pool that is managed to maintain a dollar-weighted average portfolio maturity of no greater than 397 days and seeks to maintain a constant net asset value (NAV) per share of \$1.00. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by *Standard & Poor's Financial Services Company*.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 CASH AND POOLED INVESTMENTS (CONTINUED)

Custodial credit risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's policy over custodial credit risk is to comply with Chapter 12C of the Code of Iowa. At June 30, 2017, all investments and collateral were listed in the name of the District.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District's policy over credit risk is to comply with Chapter 12C of the Code of Iowa. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, which was Aaa.

Concentration of credit risk. The District does not have a formal policy limiting the amount of the total portfolio that may be invested with any one depository. All of the District's investments were with the ISJIT.

NOTE 3 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Fund - Student Built House	\$ 250,000
General	Nonmajor Fund - Daycare	160
Total		<u>\$ 250,160</u>

The interfund receivable to the General Fund is for expenses related to a house that was built by the students. The house was approved for sale at the end of the year. The interfund payables from the General Fund and Student Built House Fund are related to the movement of cash to cover negative cash balances within these two funds.

NOTE 4 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

<u>Transfer to</u>	<u>Transfer From</u>	<u>Amount</u>
Debt Service	SAVE	\$ 2,835,000
Total		<u>\$ 2,835,000</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 3,972,734	\$ -	\$ -	\$ 3,972,734
Construction in Progress	134,790	3,971,291	445,948	3,660,133
Total Capital Assets not Being Depreciated	4,107,524	3,971,291	445,948	7,632,867
Capital Assets Being Depreciated:				
Buildings	109,659,096	-	-	109,659,096
Improvements Other than Buildings	13,534,535	870,149	-	14,404,684
Furniture and Equipment	7,158,586	494,618	324,380	7,328,824
Total Capital Assets Being Depreciated	130,352,217	1,364,767	324,380	131,392,604
Less Accumulated Depreciation for:				
Buildings	31,906,566	2,194,128	-	34,100,694
Improvements Other than Buildings	4,815,834	752,551	-	5,568,385
Furniture and Equipment	5,423,648	480,077	322,178	5,581,547
Total Accumulated Depreciation	42,146,048	3,426,756	322,178	45,250,626
Governmental Activities Capital Assets, Net	<u>\$ 92,313,693</u>	<u>\$ 1,909,302</u>	<u>\$ 448,150</u>	<u>\$ 93,774,845</u>
Business-Type Activities:				
Furniture and Equipment	\$ 2,132,233	\$ 11,278	\$ 15,522	\$ 2,127,989
Less: Accumulated Depreciation	1,443,316	93,316	15,522	1,521,110
Business-Type Activities Capital Assets, Net	<u>\$ 688,917</u>	<u>\$ (82,038)</u>	<u>\$ -</u>	<u>\$ 606,879</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions of the District as follows:

Governmental Activities:

Instruction:	
Regular	\$ 39,837
Special	492
Other	19,283
Support Services:	
Instructional Staff	1,034
Administration	27,731
Operations and Maintenance	1,494
Transportation	389,656
	479,527
Unallocated Depreciation	2,947,229
Total Depreciation Expense - Governmental Activities	\$ 3,426,756

Business-Type Activities:

Daycare	\$ 7,626
Student-Built House	582
Nutrition Services	85,108
Total Depreciation Expense - Business-Type Activities	\$ 93,316

NOTE 6 LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2017 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Early Retirement	\$ 527,116	\$ 316,991	\$ 509,928	\$ 334,179	\$ 334,179
General Obligation Bonds	56,715,000	37,815,000	13,850,000	80,680,000	4,840,000
Bonds Premiums Payable	1,103,263	327,145	126,344	1,304,064	155,049
Compensated Absences	219,066	196,702	194,772	220,996	220,996
Total	\$ 58,564,445	\$ 38,655,838	\$ 14,681,044	\$ 82,539,239	\$ 5,550,224

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age 55 and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education. Early retirement incentives are available for all employees except bus drivers and are based on classification of employee. At June 30, 2017, the District has obligations to six participants with a total liability of \$334,179. Actual early retirement expenditures for the year ended June 30, 2017 totaled \$316,991. The cost of early retirement payments expected to be liquidated currently is recorded as a liability of the Special Revenue, Management Fund.

General Obligation Bonds

Details of the District's June 30, 2017 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of 2008		
	Interest Rates	Principal	Interest
2018	4.25%	\$ 1,415,000	\$ 283,750
2019	3.50	1,600,000	223,612
2020	3.55	1,735,000	167,612
2021	3.60	2,945,000	106,020
Total		<u>\$ 7,695,000</u>	<u>\$ 780,994</u>

Year Ending June 30,	Bond Issue of 2012 C			Bond Issue of 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	2.00%	\$ 185,000	\$ 115,375	1.25%	\$ 825,000	\$ 109,243
2019	2.00	190,000	111,675	1.30	725,000	98,930
2020	2.00	195,000	107,875	1.30	800,000	89,505
2021	2.00	200,000	103,975	1.45	600,000	79,105
2022	2.00	200,000	99,975	1.65	550,000	70,405
2023-2027	0.00-2.00	1,105,000	463,075	1.65-2.00	2,895,000	200,160
2028-2032	0.00-2.75	2,630,000	276,863	2.15-2.25	200,000	4,500
Total		<u>\$ 4,705,000</u>	<u>\$ 1,278,813</u>		<u>\$ 6,595,000</u>	<u>\$ 651,849</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

Year Ending June 30,	Bond Issue of 2014			Bond Issue of 2015		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	3.00%	\$ 495,000	\$ 726,781	2.00%	\$ 1,165,000	\$ 58,700
2019	3.00	545,000	711,931	2.00	1,145,000	35,400
2020	3.00	575,000	695,581	2.00	625,000	12,500
2021	3.00	705,000	678,331		-	-
2022	3.00	3,860,000	657,181		-	-
2023-2026	3.00-3.38	16,795,000	1,399,850		-	-
Total		<u>\$ 22,975,000</u>	<u>\$ 4,869,656</u>		<u>\$ 2,935,000</u>	<u>\$ 106,600</u>

Year Ending June 30,	Bond Issue of 2016A			Bond Issue of 2016B		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2018	2.25%	\$ -	200,038	2.00%	\$ 460,000	\$ 149,500
2019	2.25	-	200,038	2.00	350,000	140,300
2020	2.25	-	200,038	2.00	340,000	133,300
2021	2.25	-	200,038	2.00	340,000	126,500
2022	2.25	-	200,037	2.00	340,000	119,700
2023-2027	2.25	-	1,000,185	2.00	5,645,000	512,200
2028-2032	2.25-2.50	2,985,000	835,376		-	-
2033-2037	2.50	5,315,000	337,625		-	-
Total		<u>\$ 8,300,000</u>	<u>\$ 3,173,375</u>		<u>\$ 7,475,000</u>	<u>\$ 1,181,500</u>

Year Ending June 30,	Bond Issue of 2017		
	Interest Rates	Principal	Interest
2018	3.00%	\$ 295,000	\$ 708,756
2019	3.00	-	699,906
2020	3.00	-	699,906
2021	3.00	-	699,906
2022	3.00	-	699,906
2023-2027	2.25	-	3,499,530
2028-2032	2.25-2.50	5,705,000	3,198,534
2033-2037	2.50	14,000,000	1,690,000
Total		<u>\$ 20,000,000</u>	<u>\$ 11,896,444</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

<u>Year Ending June 30.</u>	General Obligation Bonds Total	
	Principal	Interest
2018	\$ 4,840,000	\$ 2,352,143
2019	4,555,000	2,221,792
2020	4,270,000	2,106,317
2021	4,790,000	1,993,875
2022	4,950,000	1,847,204
2023-2027	26,440,000	7,075,000
2028-2032	11,520,000	4,315,273
2033-2037	19,315,000	2,027,625
Total	\$ 80,680,000	\$ 23,939,229

On May 1, 2007, the District issued \$16,000,000 of General Obligation School Bonds, Series 2007. The proceeds of the issue were used for the construction and furnishing of a new middle school. This bond was refunded with the 2016B Series in the current year.

On May 1, 2008, the District issued \$10,000,000 of General Obligation School Refunding Bonds. The proceeds of the issue were used to refund, in advance of maturity, \$10,000,000 of outstanding maturities of the District's General Obligation School Bonds, Series 2001.

On August 15, 2012, the District issued \$6,000,000 of General Obligation School Bonds, Series 2012C. The proceeds of the issue were used for the new elementary school.

On April 23, 2013, the District issued \$9,000,000 of General Obligation School Bonds, Series 2013. The proceeds of the issue were used for the new elementary school.

On July 23, 2014, the District issued \$25,010,000 in General Obligation School Refunding Bonds, Series 2014. The proceeds were used to current refund the outstanding maturities of the District's General Obligation School Bonds, Series 2006.

On May 14, 2015, the District issued \$5,985,000 in General Obligation School Refunding Bonds, Series 2015. The proceeds were used to refund the outstanding maturities of the District's General Obligation School Bonds, Series 2009A and 2009B.

On November 1, 2017, the District issued \$10,000,000 in General Obligation School Bonds, Series 2016A. The proceeds of the issue were used for remodel projects on the High School and Elementary Schools.

On November 30, 2016, the District issued \$7,815,000 in General Obligation School Refunding Bonds, Series 2016B. The proceeds were to refund the outstanding maturities of the District's General Obligation School Bonds, Series 2007. The refunding resulting in a cash flow savings of \$1,653,437, having a present value of \$1,442,046, over the life of the bonds.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 LONG TERM LIABILITIES (CONTINUED)

On June 1, 2017, the District issued \$20,000,000 in General Obligation School Bonds, Series 2017. The proceeds of the issue were used for remodel projects on the High School and Elementary Schools.

NOTE 7 PENSION PLAN

Plan Description

IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, IA 60306-9117 or at www.ipers.com.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Benefits (Continued)

Generally once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and the methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2017, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the District contributed 8.93% of covered payroll for a total rate of 14.88%.

The District's Contributions to IPERS for the year ended June 30, 2017 were \$3,666,236.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District's liability for its proportionate share of the net pension liability totaled \$35,349,166. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers.

At June 30, 2016, the District's collective proportion was .566834%, compared to .556838% measured as of June 30, 2015.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 PENSION PLAN (CONTINUED)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2016, the District's collective proportion was .566834%, compared to .556838% measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,871,276. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 312,417	\$ 421,878
Changes in Assumptions	539,318	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,036,139	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,099,274	-
District Contributions Subsequent to the Measurement Date	3,660,806	-
Total	\$ 11,647,954	\$ 421,878

The \$3,660,806 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,359,888
2019	1,359,888
2020	3,175,892
2021	1,669,747
2022	(145)
Total	\$ 7,565,270

There were no nonemployer contributing entities at IPERS.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Rate of Inflation (effective June 30, 2014)	3.00% per annum
Rates of Salary Increases (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00% per annum based on 3.00% inflation assumption and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Plus Fixed Income	28 %	1.90 %
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
US TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
Total	<u>100 %</u>	

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
District's Proportionate Share of the Net Pension Liability	\$ 57,190,163	\$ 35,349,166	\$ 16,915,074

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website www.ipers.org.

Payables to the Pension Plan

At June 30, 2017, the District had remitted all contributions to IPERS which had been withheld from employee wages during the year.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The District participates in an Iowa Chapter 28E plan with five other schools, called the Metro Interagency Insurance Program (MIIP), which provides medical and prescription drug benefits for retirees and their spouses. There are 598 active and 33 retired members in the plan. Participants must be age 55 and older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MIIP, 4401 6th Street SW, Cedar Rapids, IA 52404.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District’s annual OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan and changes in the District’s net OPEB obligation:

Annual Required Contribution	\$ 1,371,099
Interest on Net OPEB Obligation	162,294
Adjustment to Annual Required Contribution	(484,999)
Annual OPEB	1,048,394
Contributions Made	268,129
Increase in net OPEB obligation	780,265
Net OPEB Obligation - Beginning of Year	6,544,924
Net OPEB Obligation - End of Year	\$ 7,325,189

For the year ended June 30, 2017, the District contributed \$268,129 to the medical plan.

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2017 are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,057,657	25.3%	\$ 5,745,709
2016	1,057,657	22.3	6,544,924
2017	1,048,394	25.6	7,325,189

Funded Status and Funding Progress – As of July 1, 2016, the most recent actuarial valuation date for the period July 1, 2016 through June 30, 2017, the actuarial accrued liability was \$8,316,918, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,316,918. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$50,007,365, and the ratio of the UAAL to covered payroll was 16.63%.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2016 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumption includes a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 5%.

Mortality rates are from the RP2000 Annuity Mortality Table, applied on a gender-specific basis.

The UAAL is being amortized as a level dollar cost on an open basis over 30 years.

NOTE 9 RISK MANAGEMENT

College Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 AREA EDUCATION

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$2,142,467 for the year ended June 30, 2017 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11 TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments for the citizens of those governments.

Property tax revenues of the District were not reduced by any tax abatement programs during the year ended June 30, 2017.

NOTE 12 CATEGORICAL FUNDING

The District's restricted fund balance for categorical funding at June 30, 2017 is comprised of the following programs:

<u>Program</u>	<u>Amount</u>
Teacher Compensation Pay	\$ 352,696
4 Year old Preschool Grant	156,428
Successful Progression for Early Readers	52,563
Limited English Proficiency Weighting	11,556
Total	<u>\$ 573,243</u>

NOTE 13 DEFICIT BALANCES

The Day Care proprietary fund had a deficit balance of \$(213,745) at June 30, 2017. This was caused by the accounting for the net pension liability and other pension related items required by the Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Federal and State Programs

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Other Contingencies

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 15 JOINTLY GOVERNED ORGANIZATION

The Grant Wood Area Education Agency (GWAEA) was established by an act of the 1974 Legislature of the State of Iowa. The primary objective of the District is to provide, by a cooperative effort, comprehensive educational programs and other related services as can be effectively operated by its fifty-six member districts. Each member district shares in the cost of the programming, which is paid to the education district in the form of membership fees, reimbursements and other charges for services. The education district is able to recover the cost of its programs through the previously mentioned revenue sources. The jointly governed organization's financial statements are audited and available for inspection. Currently, one member of the District's board also serves as an active member of the GWAEA board.

NOTE 16 SUBSEQUENT EVENTS

Management evaluated subsequent events through December 13, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to December 13, 2017 that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017.

In December 2017, the District issued \$5,000,000 of Sales, Services, and Use Tax Revenue Bonds to be utilized for the Early Childhood Center.

NOTE 17 NEW ACCOUNTING PRONOUNCEMENT

The District adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about tax abatements of other entities which impact the District.

NOTE 18 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's other postemployment benefits.

REQUIRED SUPPLEMENTARY INFORMATION

**COLLEGE COMMUNITY SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN BALANCES – BUDGET AND ACTUAL
 ALL GOVERNMENT FUNDS AND PROPRIETARY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION
 YEAR ENDED JUNE 30, 2017**

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total Actual</u>
REVENUES			
Local Sources	\$ 43,079,900	\$ 3,923,840	\$ 47,003,740
State Sources	29,913,647	104,466	30,018,113
Federal Sources	1,467,224	1,240,044	2,707,268
Total Revenues	<u>74,460,771</u>	<u>5,268,350</u>	<u>79,729,121</u>
EXPENDITURES			
Instruction	40,477,472	-	40,477,472
Support Services	20,918,001	60,413	20,978,414
Noninstructional Programs	-	5,614,271	5,614,271
Other Expenditures	16,900,671	-	16,900,671
Total Expenditures	<u>78,296,144</u>	<u>5,674,684</u>	<u>83,970,828</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,835,373)	(406,334)	(4,241,707)
OTHER FINANCING SOURCES, NET	<u>30,287,145</u>	<u>-</u>	<u>30,287,145</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	26,451,772	(406,334)	26,045,438
Balances - Beginning of Year	<u>7,069,464</u>	<u>(179,405)</u>	<u>6,890,059</u>
BALANCES - END OF YEAR	<u><u>\$ 33,521,236</u></u>	<u><u>\$ (585,739)</u></u>	<u><u>\$ 32,935,497</u></u>

Budgeted Amounts		Final to Actual Variance Positive/ (Negative)
Original	Final	
\$ 67,857,538	\$ 67,857,538	\$ (20,853,798)
33,805,632	33,805,632	(3,787,519)
4,087,702	4,087,702	(1,380,434)
<u>105,750,872</u>	<u>105,750,872</u>	<u>(26,021,751)</u>
40,705,592	40,705,592	228,120
22,180,884	22,219,167	1,240,753
4,842,431	4,842,431	(771,840)
28,525,215	32,589,403	15,688,732
<u>96,254,122</u>	<u>100,356,593</u>	<u>16,385,765</u>
9,496,750	5,394,279	(9,635,986)
<u>-</u>	<u>-</u>	<u>30,287,145</u>
9,496,750	5,394,279	20,651,159
<u>6,195,255</u>	<u>6,195,255</u>	<u>694,804</u>
<u>\$ 15,692,005</u>	<u>\$ 11,589,534</u>	<u>\$ 21,345,963</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
JUNE 30, 2017**

This budgetary comparison is presented as Required Supplementary Information in accordance with *Governmental Accounting Standards Board* Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Print Fund and Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, noninstructional programs, and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$4,102,471.

During the year ended June 30, 2017, expenditures did not exceed budgeted amounts.

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

**Iowa Public Employees' Retirement System
For the Last Three Years*
(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability:	0.005668 %	0.556838 %	0.521487%
District's Total Proportionate Share of the Net Pension Liability	\$ 35,349	\$ 27,683	\$ 21,105
District's Covered-Employee Payroll	\$ 40,333	\$ 38,427	\$ 34,821
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	0.88 %	72.04 %	60.61%
IPERS' Net Position as a Percentage of the Total Pension Liability	81.82 %	85.19 %	87.61%

* The amounts presented for each fiscal year were determined as of June 30 of the prior year.

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – LAST TEN FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Statutorily Required Contribution	\$ 3,666	\$ 3,602	\$ 3,432	\$ 3,110	\$ 2,812	\$ 2,499	\$ 2,092	\$ 1,260	\$ 1,074	\$ 953
Contributions in Relation to the Statutorily Required Contribution	<u>(3,666)</u>	<u>(3,602)</u>	<u>(3,432)</u>	<u>(3,110)</u>	<u>(2,812)</u>	<u>(2,499)</u>	<u>(2,092)</u>	<u>(1,260)</u>	<u>(1,074)</u>	<u>(953)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>								
District's Covered-Employee Payroll	\$ 41,055	\$ 40,333	\$ 38,427	\$ 34,821	\$ 32,431	\$ 30,966	\$ 30,098	\$ 18,948	\$ 16,919	\$ 15,759
Contributions as a Percentage of Covered-Employee Payroll	8.93%	8.93%	8.93%	8.93%	8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2017**

Changes of Benefit Terms

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(IN THOUSANDS)
YEAR ENDED JUNE 30, 2017**

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2015	July 1, 2014	\$ -	\$ 7,044	\$ 7,044	-	\$ 46,270	15.2%
2016	July 1, 2014	-	7,063	7,063	-	49,096	14.4%
2017	July 1, 2016	-	8,317	8,317	-	50,007	16.6%

SUPPLEMENTARY INFORMATION

**COLLEGE COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

SCHEDULE 1

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Student Activity</u>	<u>Physical Plant and Equipment Levy</u>	<u>Total</u>
ASSETS			
Cash and Pooled Investments	\$ 658,555	\$ 906,687	\$ 1,565,242
Receivables:			
Property Tax:			
Delinquent	-	5,583	5,583
Succeeding Year	-	1,882,942	1,882,942
Accounts	95	2,911	3,006
Due from Other Governments	95	-	95
Prepaid Items	3,449	-	3,449
	<u>3,449</u>	<u>-</u>	<u>3,449</u>
Total Assets	<u>\$ 662,194</u>	<u>\$ 2,798,123</u>	<u>\$ 3,460,317</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 28,188	\$ -	\$ 28,188
Due to Other Governments	307	-	307
Total Liabilities	<u>28,495</u>	<u>-</u>	<u>28,495</u>
DEFERRED INFLOWS OF RESOURCES - SUCCEEDING YEAR PROPERTY TAXES			
	-	1,882,942	1,882,942
FUND BALANCES			
Nonspendable	3,449	-	3,449
Restricted for:			
Student Activities	630,250	-	630,250
Physical Plant and Equipment	-	915,181	915,181
Total Fund Balances	<u>633,699</u>	<u>915,181</u>	<u>1,548,880</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 662,194</u>	<u>\$ 2,798,123</u>	<u>\$ 3,460,317</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2017**

SCHEDULE 2

	Special Revenue	Capital Projects	
	Student Activity	Physical Plant and Equipment Levy	Total
REVENUES			
Local Sources:			
Local Tax	\$ -	\$ 2,062,015	\$ 2,062,015
Other	1,047,223	29,606	1,076,829
State Sources	-	405	405
Total Revenues	1,047,223	2,092,026	3,139,249
EXPENDITURES			
Instruction:			
Other Instruction	991,917	-	991,917
Support Services:			
Instructional Staff Services	-	631,193	631,193
Plant Operation and Maintenance Services	-	380,690	380,690
Transportation Services	18,236	458,808	477,044
Other Expenditures:			
Facilities Acquisition	-	691,192	691,192
Total Expenditures	1,010,153	2,161,883	3,172,036
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	37,070	(69,857)	(32,787)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	37,070	(69,857)	(32,787)
Fund Balances - Beginning of Year	596,629	985,038	1,581,667
FUND BALANCES - END OF YEAR	\$ 633,699	\$ 915,181	\$ 1,548,880

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN STUDENT ACTIVITY ACCOUNTS
YEAR ENDED JUNE 30, 2017**

SCHEDULE 3

Student Activity Account:	Balance - Beginning of Year	Revenues	Expenditures	Balance - End of Year
Athletic:				
General	\$ 20,437	\$ 154,287	\$ 156,403	\$ 18,321
Student Clubs:				
Advisory	81,928	-	3,211	78,717
Co-Curricular Activities:				
High School	10,565	50,211	47,947	12,829
Prairie Crest	6,037	3,018	3,299	5,756
Prairie Heights	30,117	6,388	7,394	29,111
Prairie Ridge	9,723	17,161	17,982	8,902
Prairie View	7,248	608	1,473	6,383
Prairie Edge	3,870	472	-	4,342
Prairie Point	17,444	15,692	23,550	9,586
Prairie Creek	2,665	4,401	3,107	3,959
Prairie Hill	5,002	2,778	5,213	2,567
Student Council	13,575	13,435	11,099	15,911
Class of:				
2016	3,965	-	1,359	2,606
2017	179	-	179	-
2018	-	16,011	9,426	6,585
2019	-	-	-	-
2020	4,489	-	4,489	-
Baseball Club	10,873	11,601	16,662	5,812
Softball Club	6,860	4,713	5,629	5,944
Special Olympics	2,359	1,069	1,033	2,395
15-16 Yearbook	1,577	2,911	3,267	1,221
16-17 Yearbook	4,029	10,618	5,891	8,756
Spring and Fall Plays	1,677	2,156	813	3,020
German Club	3,140	1,015	1,024	3,131
Student Vending	4,940	17,432	13,766	8,606
Boys Letter Club	2,685	4,921	988	6,618
Girls Track Club	3,859	1,790	1,945	3,704
Boys Track Club	580	10,544	10,114	1,010
Volleyball Club	13,431	20,070	26,424	7,077
Art Activity	115	110	-	225
Ashby Activity	608	146	329	425
McGaffic Activity	834	-	811	23
Instrumental Music	11,831	19,326	10,814	20,343
Cheerleading	11,704	34,149	39,576	6,277
Football Club	1,204	19,144	20,464	(116)
Business Prof./America	25,627	70,010	65,685	29,952

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN STUDENT ACTIVITY ACCOUNTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

SCHEDULE 3

	Balance - Beginning of Year	Revenues	Expenditures	Balance - End of Year
Student Clubs (Continued):				
Boys Tennis Club	\$ 609	\$ 925	\$ 1,156	\$ 378
Girls Tennis Club	421	3,219	2,699	941
Girls CCountry Club	377	4,366	3,160	1,583
Long Activity	1,886	881	1,336	1,431
Dalton Activity	287	-	-	287
Bowling Club	558	3,900	3,805	653
Kean Activity	352	-	50	302
Boys Soccer Club	29,444	24,050	22,700	30,794
Girls Soccer Club	14,836	16,568	23,685	7,719
Wrestling Club	10,601	33,363	29,564	14,400
Music Trip	117,872	64,158	25,502	156,528
Prairie of Miracles 5K	-	2,985	2,985	-
Prairie Dance Team Club	6,900	62,696	60,062	9,534
Instrumental Activity	2,433	17,398	16,109	3,722
Hawk Talk - General	1,310	438	47	1,701
Skills USA	-	100	-	100
Electric Car Club	1,875	4,803	3,940	2,738
Washington Trip	6,514	58,370	60,011	4,873
International Club	79	-	-	79
Girls Basketball Club	2,624	5,393	6,116	1,901
Boys Basketball Club	2,346	8,031	8,456	1,921
Vocal Music	45,008	64,425	64,730	44,703
Musical	1,089	484	-	1,573
National Honor Society	531	834	1,365	-
One and Two Act Plays	1,564	1,028	118	2,474
Girls Golf Club	845	3,145	2,510	1,480
Boys Golf Club	663	1,247	1,724	186
Trapshooting Club	2,893	18,260	17,107	4,046
Archery Club	103	10,864	5,831	5,136
Best Buddies	1,212	1,410	1,764	858
Graphics Club	381	-	76	305
Family Career Community Leaders	8,344	4,933	3,524	9,753
Band Uniforms	610	46,000	52,420	(5,810)
Drama	4,409	3,207	3,694	3,922
Speech	1,025	7,204	6,896	1,333
Performance Club	-	-	-	-
Key Club	572	2,815	2,485	902
State Tournaments	-	52,913	52,913	-
Science National Honor Society	879	489	247	1,121
GSA Club	-	134	-	134
Total Student Clubs	<u>576,192</u>	<u>892,936</u>	<u>853,750</u>	<u>615,378</u>
Total	<u>\$ 596,629</u>	<u>\$ 1,047,223</u>	<u>\$ 1,010,153</u>	<u>\$ 633,699</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2017**

	School Nutrition	Day Care	Resale
ASSETS			
Cash and Cash Equivalents	\$ 215,963	\$ 386,365	\$ 155,193
Accounts Receivable	-	-	5,803
Inventories	27,976	-	-
Prepaid Expenses	-	140	840
Due from Other Governments	19,908	3,034	-
Capital Assets, Net of Accumulated Depreciation	486,209	120,670	-
Total Assets	750,056	510,209	161,836
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	269,293	299,522	2,873
Total Deferred Outflows of Resources	269,293	299,522	2,873
LIABILITIES			
Accounts Payable	4,087	33,418	2,346
Accrued Expenses	92,049	-	-
Salaries and Benefits Payable	5,239	57,802	-
Compensated Absences	2,023	10,206	-
Net Pension Liability	817,248	908,990	8,716
Due to Other Governments	-	2,052	-
Due to Other Funds	-	160	-
Total Liabilities	920,646	1,012,628	11,062
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	9,754	10,848	104
NET POSITION			
Net Investment in Capital Assets	486,209	120,670	-
Unrestricted	(397,260)	(334,415)	153,543
Total Net Position	\$ 88,949	\$ (213,745)	\$ 153,543

SCHEDULE 4

<u>Student Built House</u>	<u>Total</u>
\$ 290,398	\$ 1,047,919
-	5,803
-	27,976
-	980
-	22,942
-	606,879
<u>290,398</u>	<u>1,712,499</u>
-	571,688
-	571,688
15,271	55,122
-	92,049
-	63,041
-	12,229
-	1,734,954
18	2,070
<u>250,000</u>	<u>250,160</u>
<u>265,289</u>	<u>2,209,625</u>
-	20,706
-	606,879
<u>25,109</u>	<u>(553,023)</u>
<u>\$ 25,109</u>	<u>\$ 53,856</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

	<u>School Nutrition</u>	<u>Day Care</u>	<u>Resale</u>
OPERATING REVENUES			
Local Sources:			
Charges for Services	\$ 1,643,656	\$ 2,103,911	\$ 175,899
State Sources	-	83,183	-
Total Operating Revenues	<u>1,643,656</u>	<u>2,187,094</u>	<u>175,899</u>
OPERATING EXPENSES			
Support Services:			
Administrative Services	-	36,663	-
Operation and Maintenance of Plant Services	-	<u>23,750</u>	-
Total Support Services	<u>-</u>	<u>60,413</u>	<u>-</u>
Noninstructional Programs:			
Salaries	970,148	1,286,473	11,000
Benefits	448,887	241,911	(561)
Purchased Supplies	-	2,699	8,984
Supplies	1,391,203	401,211	126,727
Depreciation	<u>85,108</u>	<u>7,626</u>	<u>-</u>
Total Non-Instructional Programs	<u>2,895,346</u>	<u>1,939,920</u>	<u>146,150</u>
Total Operating Expenses	<u>2,895,346</u>	<u>2,000,333</u>	<u>146,150</u>
OPERATING INCOME (LOSS)	(1,251,690)	186,761	29,749
NONOPERATING REVENUES			
State Sources	21,283	-	-
Federal Sources	1,240,044	-	-
Interest Income	148	165	61
Sale of Student Built House	-	-	-
Total Nonoperating Revenues	<u>1,261,475</u>	<u>165</u>	<u>61</u>
NET INCOME	9,785	186,926	29,810
Net Position - Beginning of Year	<u>79,164</u>	<u>(400,671)</u>	<u>123,733</u>
NET POSITION - END OF YEAR	<u>\$ 88,949</u>	<u>\$ (213,745)</u>	<u>\$ 153,543</u>

SCHEDULE 5

<u>Student Built House</u>	<u>Total</u>
\$ -	\$ 3,923,466
-	83,183
<u>-</u>	<u>4,006,649</u>
-	36,663
-	23,750
<u>-</u>	<u>60,413</u>
-	2,267,621
-	690,237
-	11,683
632,273	2,551,414
582	93,316
<u>632,855</u>	<u>5,614,271</u>
<u>632,855</u>	<u>5,674,684</u>
(632,855)	(1,668,035)
-	21,283
-	1,240,044
-	374
<u>639,595</u>	<u>639,595</u>
<u>639,595</u>	<u>1,901,296</u>
6,740	233,261
<u>18,369</u>	<u>(179,405)</u>
<u>\$ 25,109</u>	<u>\$ 53,856</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
COMBINING STATEMENTS OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017**

	School Nutrition	Day Care	Resale
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Sale of Lunches and Breakfasts	\$ 1,661,774	\$ -	\$ -
Cash Received from Day Care Activities	-	2,188,349	-
Cash Received from Printing	-	-	-
Cash Received from Concession Sales	-	-	170,853
Cash Received from Student-Built Houses	-	-	-
Cash Payments to Employees for Services	(1,379,814)	(1,607,947)	(12,767)
Cash Payments to Suppliers for Goods or Services	(1,418,894)	(467,000)	(138,500)
Net Cash Provided (Used) by Operating Activities	<u>(1,136,934)</u>	<u>113,402</u>	<u>19,586</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Grants Received	21,283	-	-
Federal Grants Received	1,240,044	-	-
Net Cash Provided by Noncapital Financing Activities	<u>1,261,327</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Sale of Student Built House	-	-	-
Acquisition of Capital Assets	(11,278)	-	-
Net Cash Provided (Used) by Capital Financing Activities	<u>(11,278)</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	148	165	61
NET INCREASE IN CASH AND CASH EQUIVALENTS	113,263	113,567	19,647
Cash and Cash Equivalents - Beginning of Year	102,700	272,798	135,546
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 215,963</u>	<u>\$ 386,365</u>	<u>\$ 155,193</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (1,251,690)	\$ 186,761	\$ 29,749
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	85,108	7,626	-
Decrease (Increase) in Inventories	(18,428)	-	-
Decrease (Increase) in Accounts Receivable	18,118	1,255	(5,046)
Decrease (Increase) in Prepaid Expenses	1,450	(140)	1,145
Increase in Deferred Outflows - Pension Related	(106,949)	(110,609)	(1,043)
Increase (Decrease) in Accounts Payable	1,007	1,177	(3,934)
Increase (Decrease) in Salaries and Benefits Payable	(5,778)	2,415	-
Increase in Compensated Absences	499	(1,598)	-
Increase in Net Pension Liability	187,604	116,316	407
Decrease in Deferred Inflows - Pension Related	(36,155)	(86,087)	(1,692)
Increase in Due to Other Funds	(14)	(680)	-
Decrease in Due from Other Funds	(19,908)	(3,034)	-
Increase in Accrued Expenses	8,202	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,136,934)</u>	<u>\$ 113,402</u>	<u>\$ 19,586</u>

SCHEDULE 6

Student Built House	Total
\$ -	\$ 1,661,774
-	2,188,349
-	-
-	170,853
23	23
-	(3,000,528)
<u>(349,221)</u>	<u>(2,373,615)</u>
(349,198)	(1,353,144)
-	21,283
-	<u>1,240,044</u>
-	1,261,327
639,595	639,595
-	(11,278)
<u>639,595</u>	<u>628,317</u>
-	<u>374</u>
290,397	536,874
<u>1</u>	<u>511,045</u>
<u>\$ 290,398</u>	<u>\$ 1,047,919</u>
\$ (632,855)	\$ (1,668,035)
582	93,316
326,508	308,080
23	14,350
-	2,455
-	(218,601)
15,015	13,265
-	(3,363)
-	(1,099)
-	304,327
-	(123,934)
(58,471)	(59,165)
-	(22,942)
-	8,202
<u>\$ (349,198)</u>	<u>\$ (1,353,144)</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017**

SCHEDULE 7

	<u>Balance - Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - End of Year</u>
ASSETS				
Cash	\$ 274,412	\$ 570,285	\$ 571,333	\$ 273,364
Total Assets	<u>\$ 274,412</u>	<u>\$ 570,285</u>	<u>\$ 571,333</u>	<u>\$ 273,364</u>
LIABILITIES				
Other Payables	<u>\$ 274,412</u>	<u>\$ 570,285</u>	<u>\$ 571,333</u>	<u>\$ 273,364</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS**

	Modified Accrual Basis			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES				
Local Sources:				
Local Tax	\$ 30,970,152	\$ 30,304,095	\$ 26,484,747	\$ 25,023,351
Tuition	5,367,190	5,000,288	5,023,465	4,952,310
Other	6,742,558	6,535,241	6,640,933	5,448,161
State Sources	29,913,647	27,039,978	25,244,359	22,472,151
Federal Sources	1,467,224	1,409,905	1,471,403	1,371,591
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 74,460,771</u>	<u>\$ 70,289,507</u>	<u>\$ 64,864,907</u>	<u>\$ 59,267,564</u>
EXPENDITURES				
Instruction:				
Regular Instruction	\$ 24,742,510	\$ 25,991,924	\$ 25,677,198	\$ 21,524,976
Special Instruction	8,879,229	8,268,218	8,705,841	7,393,347
Other Instruction	6,855,733	5,151,301	5,180,176	4,439,053
Support Services:				
Student Services	1,832,587	1,926,379	1,781,388	1,803,044
Instructional Staff Services	5,511,715	5,883,574	3,134,754	2,491,934
Administration Services	5,245,503	5,461,788	4,841,584	4,002,873
Operation and Maintenance of				
Plant Services	5,387,066	5,214,216	4,790,768	4,367,545
Transportation Services	2,941,130	2,882,186	2,583,336	2,454,845
Noninstructional Programs	-	-	-	193
Other Expenditures:				
Facilities Acquisition	6,443,233	2,206,460	5,851,028	2,512,455
Long-Term Debt:				
Principal	5,995,000	4,135,000	6,251,889	3,825,000
Debt Issuance Costs	-	-	-	-
Interest and Other Charges	2,319,971	1,813,030	2,272,269	2,638,424
AEA Flowthrough	2,142,467	2,046,725	1,971,913	1,744,232
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 78,296,144</u>	<u>\$ 70,980,801</u>	<u>\$ 73,042,144</u>	<u>\$ 59,197,921</u>

SCHEDULE 8

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 25,023,351	\$ 26,041,452	\$ 24,219,102	\$ 22,093,711	\$ 20,945,968	\$ 20,361,901
4,952,310	4,602,834	4,312,674	3,663,733	3,333,102	3,549,899
5,448,161	6,295,538	5,905,077	5,999,103	5,736,360	6,659,201
22,472,151	21,312,839	19,794,883	17,314,281	18,005,005	17,104,669
1,371,591	1,432,493	2,967,785	3,231,491	1,387,306	943,920
<u>\$ 59,267,564</u>	<u>\$ 59,685,156</u>	<u>\$ 57,199,521</u>	<u>\$ 52,302,319</u>	<u>\$ 49,407,741</u>	<u>\$ 48,619,590</u>
\$ 21,524,976	\$ 19,939,924	\$ 18,906,433	\$ 19,208,996	\$ 16,819,529	\$ 16,265,900
7,393,347	7,712,339	7,303,228	6,752,971	6,448,388	5,829,626
4,439,053	4,375,324	4,073,595	4,051,048	3,925,508	3,186,826
1,803,044	1,992,616	1,588,468	1,417,533	1,148,780	894,530
2,491,934	4,966,561	2,604,179	2,450,988	2,393,970	1,842,438
4,002,873	3,876,552	3,743,217	3,809,772	3,321,006	3,148,693
4,367,545	3,934,601	3,864,337	3,667,250	3,158,914	3,169,968
2,454,845	2,140,375	2,076,206	1,994,335	1,733,199	1,561,871
193	48,084	32,611	-	-	-
2,512,455	5,932,980	2,737,713	1,837,000	12,971,023	23,729,926
3,825,000	2,875,000	2,800,000	3,110,000	3,596,000	12,638,000
-	-	-	147,134	-	-
2,638,424	2,457,999	2,503,471	2,651,037	2,968,168	3,153,022
1,744,232	1,660,568	1,719,630	1,638,722	1,397,624	1,290,071
<u>\$ 59,197,921</u>	<u>\$ 61,912,923</u>	<u>\$ 53,953,088</u>	<u>\$ 52,736,786</u>	<u>\$ 59,882,109</u>	<u>\$ 76,710,871</u>

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

SCHEDULE 9

Grantor/Program	CFDA Number	Agency or Pass-Through Number	Expenditures
U.S. Department of Agriculture			
Iowa Department of Education:			
Commodities	a 10.555	FY17-4951	\$ 209,067
National School Lunch Program	a 10.555	FY17-4553	<u>867,282</u>
Total CFDA 10.555			1,076,349
School Breakfast Program	a 10.553	FY17-4552	<u>163,695</u>
Total U.S. Department of Agriculture			<u>1,240,044</u>
U.S. Department of Education			
Iowa Department of Education:			
Title I - Grants to Local Educational Agencies	84.010	FY17-4501-431	484,903
Education for Homeless Children and Youth	84.196	FY17-4565	36,000
Teacher Quality Program	84.367	FY17-4643	65,864
Grants for State Assessments and Related Activities	84.369	FY17-4648	10,506
Special Education - Grants to States Part B High Cost Claim	84.323	FY17-4526	11,637
Title I - Grants for Delinquent	84.013	FY17-4501-438	14,457
Advanced Placement	84.330	FY17-4654	608
Passed Through Grant Wood Area Education Agency:			
IDEA Administration	b 84.027	FY17-4511	1,000
Special Education - State Personnel Development Grant	b 84.027	FY17-4521	230,245
Vocational Education - Basic Grants to States	84.048A	FY17-4531	15,767
Title III - English Acquisition State Grants	84.365	FY17-4644	<u>3,352</u>
Total U.S. Department of Education			<u>874,339</u>
Total			<u>\$ 2,114,383</u>

a - Child Nutrition Cluster - Total Expenditures = \$1,240,044

b - Special Education Cluster - Total Expenditures = \$231,245

**COLLEGE COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of federal Awards (Schedule) includes the federal award activity of College Community School District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of College Community School District, it is not intended to and does not present the financial position, changes in financial position or cash flows of College Community School District.

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 BASIS OF ACCOUNTING

Expenditures reports on the Schedule are presented on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 NONCASH AWARDS

The Child Nutrition Cluster, CFDA #10.555 includes \$209,067 of noncash awards in the form of food commodities.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
College Community School District
Cedar Rapids, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of College Community School District as of and for the year ended June 30, 2017, and the related Notes to the Financial Statements, which collectively comprise College Community School District's basic financial statements, and have issued our report thereon dated December 13, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered College Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of College Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of College Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in 2017-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in 2017-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2017 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

College Community School District's Response to the Findings

College Community School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. College Community School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of College Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 13, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education
College Community School District
Cedar Rapids, Iowa

Report on compliance for Each Major Federal Program

We have audited College Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (*OMB*) *Compliance Supplement* that could have a direct and material effect on each of College Community School District's major federal programs for the year ended June 30, 2017. College Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of College Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about College Community School District's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of College Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, College Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The management of College Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered College Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of College Community School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 13, 2017

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Part I – Summary of the Independent Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) yes X no

Identification of Major Federal Programs

CFDA Number(s)

Name of Federal Program or Cluster

10.553 & 10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Part II – Findings Related to the Financial Statement

FINDING: 2017-001 MATERIAL AUDIT ADJUSTMENTS

Condition: The audit firm identified certain material audit adjustments for the High School/Elementary Remodel major fund due to understatements of construction in progress. Management reviewed the journal entry and posted the entry to its general ledger.

Criteria: The District should have controls in place to prevent and detect a material adjustment in the financial statements in a timely manner.

Context: The District has informed us that they established procedures to review and record construction in progress.

Effect: The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected and corrected by the District's internal controls.

Cause: The District's controls were not adequate to ensure that all accounts' year-end balances were proper and in accordance with generally accepted accounting principles (GAAP).

Recommendation: We recommend the District continue to work with the auditors to identify material adjustments to ensure that all accounts are proper and in accordance with GAAP.

Views of responsible officials and planned corrective actions: Management will continue to work with the audit firm, as necessary, to ensure all material transactions are properly recorded.

FINDING: 2017-002 SIGNIFICANT DEFICIENCY

Condition: The audit firm identified lack of documentation in the bank reconciliation process. There was no indication of review of the bank reconciliation on a monthly basis.

Criteria: The District should have controls in place to prevent and detect misstatements in the financial statements in a timely manner.

Context: The District has informed us that they established procedures to document proper review of the bank reconciliations.

Effect: The potential exists that a material misstatement could occur in the financial statements and not be prevented or detected and corrected by the District's internal controls.

Cause: The District's controls were not adequate to ensure that the bank reconciliation was properly reviewed.

Recommendation: We recommend the District properly document on the bank reconciliations the appropriate review documentation.

Views of responsible officials and planned corrective actions: The review of the reconciliation was in place, it was just not being initialed by the staff performing the review. Management will work with the staff and emphasize the importance of key controls and the documentation surrounding them.

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Part III – Findings and Questioned Costs for Federal Awards

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Part IV – Other Findings Related to Required Statutory Reporting

IV-A-2017 Certified Budget – Expenditures for the year ended June 30, 2017 exceeded the certified budget amounts during the year in the noninstructional function by \$771,840. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

IV-B-2017 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

IV-C-2017 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-2017 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-E-2017 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-2017 Board Minutes – We noted no transactions requiring Board approval which had not been approved by the Board.

IV-G-2017 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Department of Education were noted.

IV-H-2017 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

IV-I-2017 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.

IV-J-2017 Certified Enrollment – No variances in the basic enrollment data certified to the Iowa Department of Education were noted.

**COLLEGE COMMUNITY SCHOOL DISTRICT
SCHEDULES OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2017**

Part IV – Other Findings Related to Required Statutory Reporting (Continued)

IV-K-2017 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

IV-L-2017 Statewide Sales, Services and Use Tax – For the year ended June 30, 2017, the District did not reduce any levies as a result of the monies received under Chapter 423E or 423F of the Code of Iowa.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services, and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2017, the District reported the following information regarding the statewide sales, services, and use tax revenue in the District's CAR:

Beginning Balance		\$ 550,022
Revenues/Transfers in:		
Sales Tax Revenues	\$ 4,731,099	
Other Local Revenues	17,827	4,748,926
		5,298,948
Expenditures/Transfers out:		
School Infrastructure Construction	1,925,364	
Transfers to Debt Service Fund	2,835,000	4,760,364
		4,760,364
Ending Balance		\$ 538,584

For the year ended June 30, 2017, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

IV-M-2017 Deficit Balance – The District had a deficit balance in the Proprietary – Day Care Fund of \$(213,745). This was caused by the accounting for the net pension liability and other pension related items required by the Governmental Accounting Standards Board Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*.

Recommendation – The District should take appropriate action to return this fund to sound financial condition.

Response – This fund is considered to be run as a nonprofit by the District. Therefore, the profits from this fund will be very minimal each year. The District will work to return this fund to a positive balance over time, as it is a large deficit, but it will likely hold a deficit balance for many years.

Conclusion – Response accepted.



Investment advisory services are offered through CliftonLarsonAllen
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